



Tools and techniques apply to develop Indian economy

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Abstract

This article mainly focused on how the Indian financial system depends on the Indian development of a country. Here we are considering all the disbursements and receipts of a state and general government. In this article mainly focusing four variables are receipts, payments deposits and branches. Here analyzing the compound annual growth rate of branches. In the year 2019–20, we observed that payments are deficit both high compared to previous years because of the pandemic situation in the country's incomes are very low. Revenue receipts and revenue expenditure are only high. Compared to capital expenditure and capital receipts, in this article we are using secondary data. Here using the statistical tool of compound annual growth rate.

Keywords: Indian economy, receipts, payments, deposits, branches

Introduction

As a regulator body, over the 30 year period, the RBI has been successful in preventing depositors from losing money to bank failures in the scheduled commercial banks, but not in preventing hurdles or weak borrowings by banks. Borrowers, lenders Investors and entrepreneurs are very important in the modern financial system. Today the Indian economy is the very important development of a country. After reforms of a Narasimham committee in 1991 it gives mixed results. In 2017, India's bank assets to GDP ratio stood at 68.4%, compared to China's at 174.5%, Brazil's at 105.3% and Nepal's at 85.4%. Bank credit to GDP numbers are less than half of the emerging market and developed economic levels as well. The Indian economy is a middle income developing country. It is the world's 6th largest economy by normal GDP and third largest by purchasing power parity. Sharma (2015) ^[3] said that the economy "Financial inclusion and economic development are the emerging themes in the Indian economy. Here, positive relationships are there economic growth and economic development. Finally he suggested that financial inclusion plays a very key role for economic developing, financial structure these are the important for growth of an economy. Kumar, N. (2013) Financial Inclusion suggests that branch networks have an unambiguous beneficial impact on financial inclusion. Over the 30 year period, the RBI has been successful in preventing depositors from losing money to bank failures in the scheduled commercial banks, but not in preventing conflicted or poor lending by banks. Borrowers and lenders Investors and entrepreneurs are very important in the modern financial system. An economy the size of India needs a banking sector that is much larger and far more robust than it is today. Reforms that began with the Narasimham committee in 1991 have aimed to do that but have had mixed results. In 2017, India's bank assets to GDP ratio stood at 68.4%, compared to China's at 174.5%, Brazil's at 105.3% and Nepal's at 85.4%. Bank credit to GDP numbers are less than half of the emerging market and developed economic levels as well. The Indian economy is a mid-income developing country. The development of a country compare to others it is a third largest by consumers buying capacity as well as sixth largest economy by normal GDP. Sharma (2015) ^[3] said that the economy financial inclusion and economic development are the emerging themes in the Indian economy. Here, positive relationships are theirs. Economic growth and economic development. Finally, he proposed that financial inclusion is critical to economic development and that financial structure is critical to an economy's growth. Kumar, N. (2013) Financial Inclusion suggests that branch networks have an unambiguous beneficial impact on financial inclusion.

Review of Literature

Mc Kinnon, (1973) ^[4], Shaw (1973) Highlights in his article about the financial sector changes that took place in most economies between the 1980s and 1990s were that they improved the financial depth use of formal financial services, i.e., loans, savings, payment services, and other related services. but the access to financial services is very low. Although we have theoretical and practical support for financial market liberalization. Rajan (2008) In his article, he is entitled Report of the committee on the financial sector The reforms highlighted in his article, financial inclusion, are important for providing basic financial services terminology starts from the initial schooling stage onwards. The financial In addition, propaganda will use terms such as income, expenditure, savings, deposits, etc. Also, help the educational programmes on household budgeting, etc. Pavan Kapoor (2014), Alka Singh's entitled "Study on Financial Services to Excluded Sectors through Financial

Inclusion" highlights in his article Economic and social developments are important for a good financial system. Access to finance is an essential poverty alleviation tool. It plays an important role in the economic and social development of society.

Methodology

For the present article we collected data from secondary source. The secondary data is collected from annual reports of a RBI. The statistical tool of CAGR will tell us how it will impact the Indian economy.

Objectives

To be aware of the state's receipts and disbursements, as well as to consolidate general government.

To analyze the scheduled commercial banks' various sources of deposits.

To study the number of branches and compound annual growth rate impact on the Indian economy.

Data analysis and Interpretation

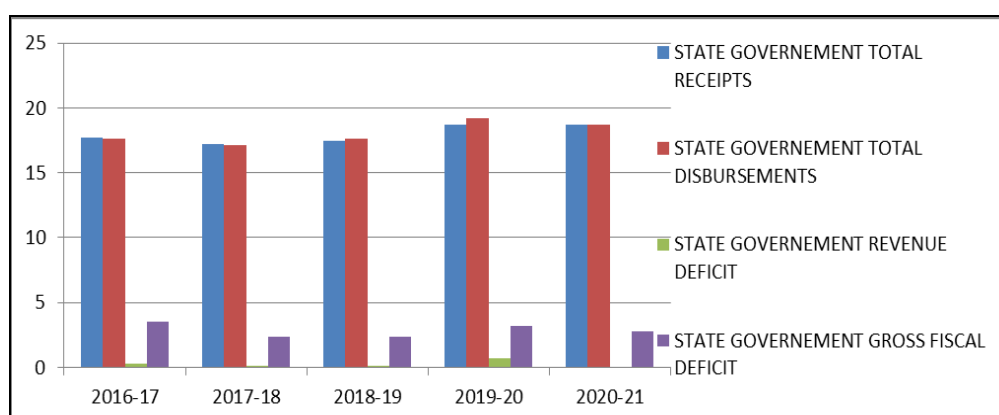
Table 1: Receipts and Disbursements of states and consolidated General Government (As % of GDP)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
State Government					
Revenue receipts	13.3	17.2	17.5	18.7	18.7
Capital receipts	4.4	3.6	3.7	4.2	3.9
Total Receipts	17.7	17.2	17.5	18.7	18.7
Revenue Expenditure	13.6	13.7	13.9	15.1	14.8
Capital Expenditure	3.3	3.2	3.4	3.8	3.7
Loans and Advances by states	0.8	0.2	0.2	0.2	0.2
Total Disbursements	17.6	17.1	17.6	19.2	18.7
Revenue Deficit	0.3	0.1	0.1	0.7	0.0
Gross Fiscal Deficit	3.5	2.4	2.4	3.2	2.8
General Government					
Revenue receipts	20.4	19.8	20.0	21.3	21.5
Capital receipts	7.5	6.7	6.5	7.1	7.5
Total receipts (A)	27.9	26.5	26.5	28.4	29.0
Revenue Expenditure	22.7	22.5	22.5	24.5	24.2
Capital Expenditure	4.0	3.4	3.7	4.0	4.1
Loans and Advances by states	1.0	0.5	0.3	0.4	0.5
Total Disbursements	27.7	26.4	26.6	28.9	28.8
Revenue Deficit	2.3	2.7	2.5	3.1	2.7
Gross Fiscal Deficit	6.9	5.8	5.8	6.9	6.3

Source: Reserve Bank of India

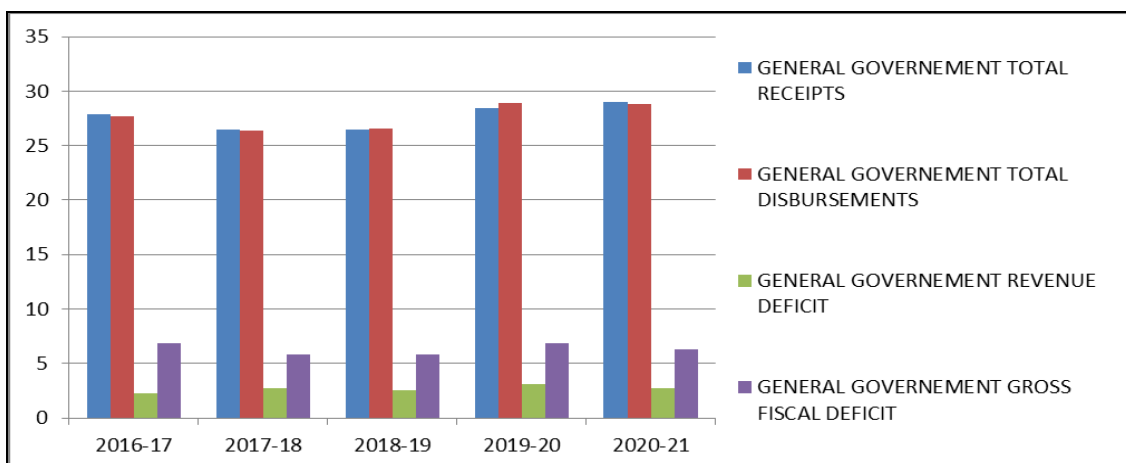
Explanation

- The above table describes the state and general government revenue, capital receipts, and payments of revenue, capital, loans, and advances. Compared to the past five years, in the years 2019–20 and 2020–21, 18.7% of total receipts were observed compared to previous years. In the year 2019–20, the payments are huge compared to the other successive years.
- Observed in the general government in the years 2020–21, receipts are enormous, up 29.0 percent from the previous years. However, total disbursements of 28.9% in 2019-20, as well as the revenue deficit, are both high this year.



Graph 1: State General Government

The above graph shows the state government's total receipts for the past five years (2016–2021) compared with similar values. Compared with all five years, the returns as well as payments are close to similar for the state government. The revenue and gross fiscal deficit were also similar to all previous years.



Graph 2: State General Government

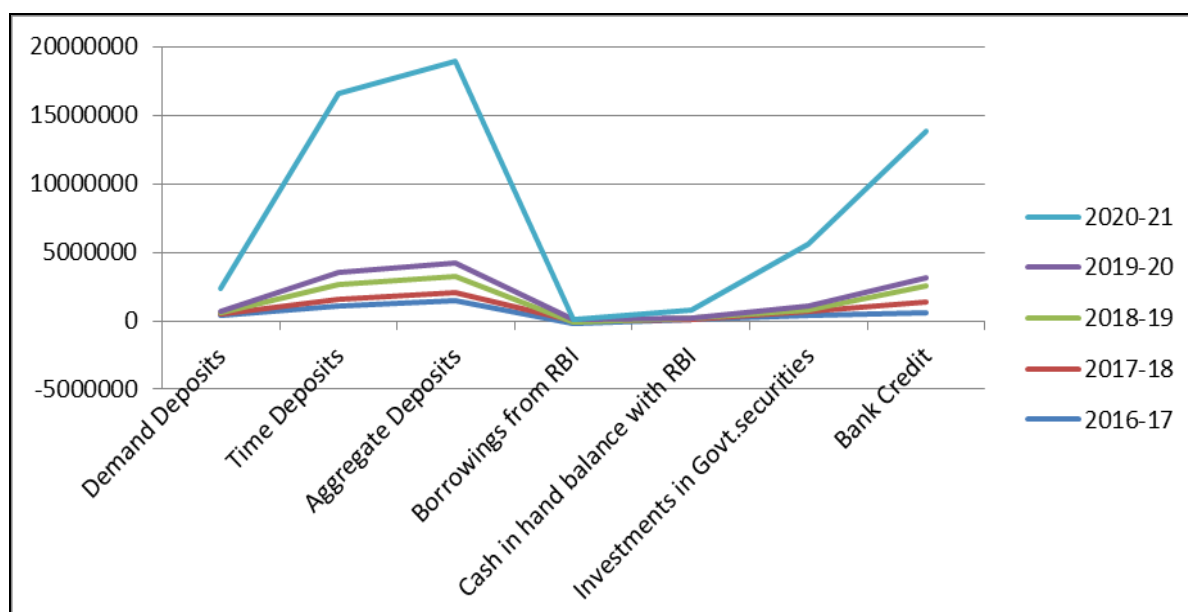
The above graph shows that the state government’s total receipts over the past years (2016-2021) compared with similar values. Compared with all the five years, the receipts as well as payments are close to the approximate values of general government. The gross fiscal deficit is high compared to all previous years.

Table 2: Scheduled Commercial Banks (Rs. Crore)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Demand Deposits	392443	88843	141005	105716	1621564
Time Deposits	1037923	579550	1006717	888005	13105188
Aggregate Deposits	1430366	668393	1147722	993720	14726753
Borrowings from RBI	-210657	252168	-93290	104935	77140
Cash in hand balance with RBI	125252	15618	54833	-17137	559783
Investments in Govt.securities	405815	287658	61595	359695	4479745
Bank Credit	591851	783959	1146298	599138	10704649

Source: Reserve Bank of India

In the above table, it explains that scheduled commercial banks' deposits fall into various categories like demand deposits, time deposits, aggregate deposits, borrowings from RBI, cash in hand, investments in government securities, and bank credit. In the years 2020–21, aggregate deposits are very high. Compared to all the previous years, various types of deposits are only high in the years 2020–21.



Graph 3

Explanation of the Graph

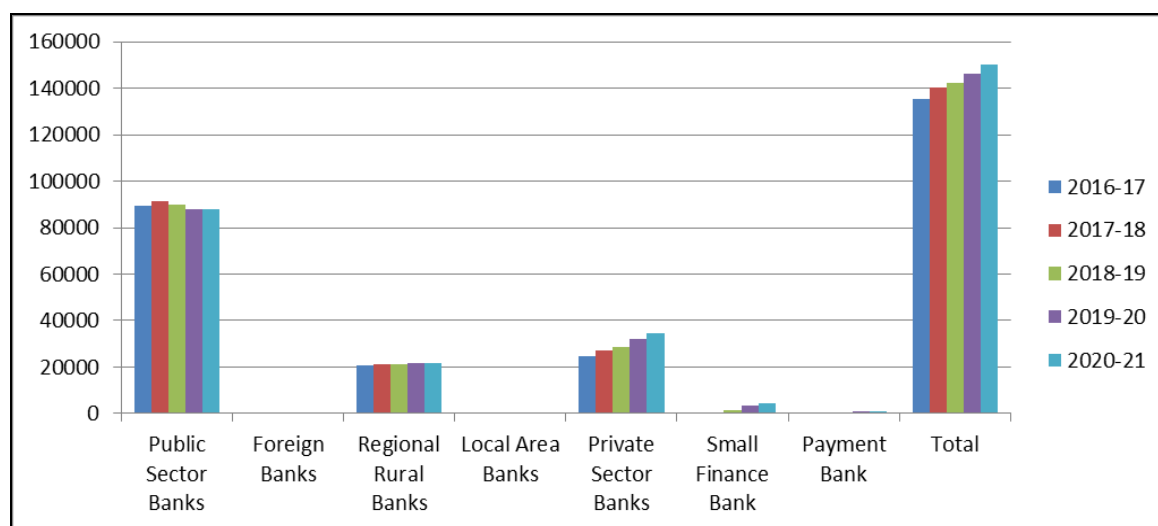
In the above line chart, it explains the different sources of deposits from commercial banks and how the amount of rupees will be floated. They are shown in different ways. Compared to all the years in the 2020s and '21, it gives huge sources of deposits.

Table 3: Number of functioning Branches of commercial Banks (Branches as on end of March)

Particulars	2016-17	2017-18	2018-19	2019-20	2020-21
Public Sector Banks	89471	91426	90135	87842	87910
Foreign Banks	312	281	284	299	308
Regional Rural Banks	20633	21116	21459	21592	21848
Local Area Banks	116	79	90	90	91
Private Sector Banks	24891	27166	28783	32306	34798
Small Finance Bank		393	1569	3257	4306
Payment Bank		3	151	800	765
Total	135423	140464	142471	146186	150026

Source: Reserve Bank of India

In the above table, it explains the number of branches of commercial banks. The branches grow year after year. Various bank sectors, with the overall category exhibiting an increasing number of commercial bank branches.



Graph 4

In the above chart, it explains that public sector and private sector growth in branches every year is lower in branches compared to other sectors of banks. Only a few new branches of payment banks have been established in scheduled commercial banks.

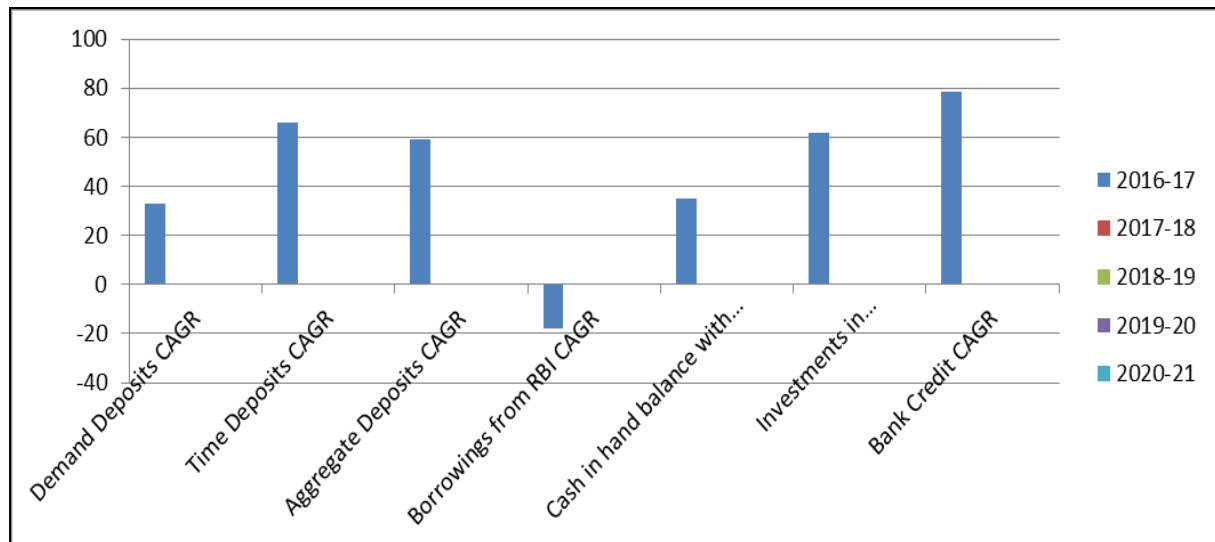
Table 4: Scheduled Commercial Banks (Rs. Crore) Compound Annual Growth Rate

Year	Demand Deposits	Cagr	Time Deposits	Cagr	Aggregate Deposits	Cagr	Borrowings from RBI	Cagr	Cash in hand balance with RBI	Cagr	Investments in Govt. securities	Cagr	Bank Credit	Cagr
2016-17	392443		1037923		1430366		-210657		125252		405815		591851	
2017-18	88843		579550		668393		252168		15618		287658		783959	
2018-19	141005	32.81	1006717	66.06	1147722	59.42	-93290	-18.2	54833	34.91	61595	61.65	1146298	78.43
2019-20	105716		888005		993720		104935		-17137		359695		599138	
2020-21	1621564		13105188		14726753		77140		559783		4479745		10704649	

Source: Reserve Bank of India

In the above table, it explains the growth of the scheduled commercial banks in branches. Compared to all the previous year's bank credit, it has the highest compound annual growth rate compared to other deposits in various sectors.

The second position of time deposits gives 66.06 percent of the compound annual growth rate. Investments in government securities increased by 61.65% when compared to the previous five years of data. The aggregate deposit growth rate was 59.42%, ranking fourth in the CAGR. Borrowing from RBI, it reflects negative growth.



Graph 5

In the picture, it describes the compound annual growth rate of the last five years of data. When compared to the entire deposit sector, the CAGR of bank credit is the highest. Time deposits have also seen significant growth in recent years. Borrowings from the RBI only reflect a negative growth mode.

Findings

The total receipts of the state government compared to the past five years in the years 2019–20 and 2020–21 give equal returns as a percentage of GDP, at 18.7 but the payments are high in the year 2019–20. As the revenue deficit was also high in the years 2019–20, the percentage of GDP was 0.7. We observed in the general government in the years 2020–21 that it gives a huge GDP percentage of 29.0. We observed the slight variation of 0.1% only in the variations of payments in the years 2019–20 and 2020–21. In the general government in the year 2019–20, we only observed a 3.1% deficit. Deposits compound annual growth rate in the bank credit sector, which results in a high growth rate when compared to previous years. In the years 2020–21, the number of branches increased by 78.43%.

Suggestions and Conclusions

The Indian economy is purely dependent on the number of input variables. In this article, we are mainly focusing on the revenues and payments, various deposits of scheduled commercial banks, and the number of branches. Here we are considering only four main variable factors. Not only has the above variable factored, some other factors are also influencing the Indian economy's development. The financial system is strong and will take the top position in the country. As a result, financial institutions, financial markets, financial instruments, and financial services are critical to an economy's development.

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